Dynawell Corp (M) Sdn Bhd v Dynasty Landmark Sdn Bhd & Anor

HIGH COURT (KUALA LUMPUR) — ORIGINATING SUMMONS NO 24IP-28–06 OF 2014
AZIZAH NAWAWI J
28 SEPTEMBER 2015

Trade Marks — Application for registration — Concurrent users — Whether first defendant concurrent user of mark — Whether plaintiff's ground of appeal that registrar erred in law and in fact acceptable — Whether plaintiff's trademark similar with defendant's trademark — Whether registrar failed to consider issue of 'honest concurrent user' — Whether plaintiff used trademark as long as defendant — Whether plaintiff adopted defendant's trademark — Whether plaintiff honest concurrent user — Trade Marks Act 1976

The plaintiff had applied to the Registrar of Trade Marks ('the registrar') for the registration of its hotel's trademark 'Dynasty'. The plaintiff had operated the hotel since 1994. The first defendant raised an objection against the application by the plaintiff as the first defendant had also used the same trademark since 1992. The plaintiff's hotel was located in Kuala Lumpur whereas the defendant's hotel was situated in Sarawak. After considering the application and the objection, the registrar allowed the first defendant's objection and dismissed the plaintiff's application for the registration of its mark 'Dynasty'. Hence, this appeal. The plaintiff submitted that they were entitled to register their mark pursuant to s 20(2) of the Trade Marks Act 1976 ('the Act') and that they had furnished ample evidence of usage prior to its trademark application in order to establish 'honest concurrent user'. In reply, the first defendant submitted that the plaintiff had failed to show the honesty of the concurrent use of the identical marks.

Held, dismissing the appeal with costs:

(1) The burden of proof was on the plaintiff as the applicant for registration of the plaintiff's 'Dynasty' mark, to satisfy the registrar and the court that the said mark was registerable under the Act. The plaintiff's ground of appeal that the registrar had erred in law and in fact, was not only wide but vague as well (see paras 10–11).

(2) The court was of the view that the registrar had correctly found that by the visual, oral and conceptual make-up of the plaintiff's 'Dynasty' trademark was substantially similar to the first defendant's 'Dynasty' trademark. Consequently, the use of the plaintiff's 'Dynasty' trademark would result in confusion and deception in a manner which would

offend both ss 19 and 14(1)(a) of the Act. Further, since both marks were used in the hotel services industry, then the services of both parties were in direct competition (see paras 19–20).

(3) In was not in dispute that the issue of 'honest concurrent user' was not raised before the registrar. Therefore, the plaintiff could not now submit to the court that the registrar had failed to give any consideration on this issue, when the same was not raised before her in the first place (see para 23).

(4) Having considered the documents filed before the registrar and now before the court, the plaintiff failed to establish that it had used the mark nearly as long as that of the first defendant, if not longer, thus the requirements of s 20 of the Act was not satisfied. Further, the plaintiff only used the mark about three years after the first defendant had used its mark in the same hotel service industry (see paras 24 & 29).

(5) Based on the facts, there was an irresistible inference that the plaintiff's mark was adopted from the first defendant's mark. The adoption of the word 'Dynasty' from the first defendant's trademark was dishonest, and consequently the plaintiff's application could not be said to have been filed with good intention by an honest concurrent user. Therefore, the plaintiff had failed to establish that there had been honest concurrent use of the identical mark by the plaintiff (see para 32).

[Bahasa Malaysia summary

Plaintif telah memohon kepada Pendaftar Cap Dagangan ('pendaftar') bagi pendaftaran cap dagangan hotelnya 'Dynasty'. Plaintif telah beroperasi semenjak tahun 1994. Defendan pertama membangkitkan bantahan terhadap permohonan oleh plaintif kerana defendan juga telah menggunakan cap dagangan yang sama semenjak tahun 1992. Hotel plaintif terletak di Kuala Lumpur sementara hotel defendan terletak di Sarawak. Selepas mempertimbangkan permohonan dan bantahan, pendaftar membenarkan bantahan defendan pertama dan menolak permohonan plaintif bagi pendaftaran cap dagangannya 'Dynasty'. Maka, rayuan ini. Plaintif berhujah bahawa mereka berhak untuk mendaftar cap dagangan mereka berikutan kepada s 20(2) Akta Cap Dagangan 1976 ('Akta') dan bahawa mereka telah mengemukakan keterangan yang mencukupi sebelum permohonan cap dagangannya untuk membuktikan 'honest concurrent user'. Dalam jawapan, defendan pertama berhujah bahawa plaintif telah gagal untuk menunjukkan kejujuran penggunaan serentak cap dagangan sama.

Diputuskan, menolak rayuan dengan kos:

(1) Beban pembuktian adalah ke atas plaintif sebagai pemohon untuk pendaftaran cap dagangan 'Dynasty' plaintif, untuk memuaskan hati pendaftar dan mahkamah bahawa cap dagangan tersebut boleh didaftar

di bawah Akta tersebut. Alasan rayuan plaintif bahawa pendaftar telah tersilap dari segi undang-undang dan fakta, bukan sahaja luas tetapi juga kabur (lihat perenggan 10–11).

(2) Mahkamah berpendapat bahawa pendaftar telah secara betul mendapati bahawa melalui visual, lisan dan pembentukan konsepsi cap dagangan 'Dynasty' plaintif adalah secara substansial sama dengan cap dagangan 'Dynasty' defendan pertama. Akibatnya, penggunaan cap dagangan 'Dynasty' plaintif akan mengakibatkan kekeliruan dan penipuan dalam cara yang akan melanggar kedua-dua ss 19 dan 14(1)(a) Akta. Selanjutnya, memandangkan kedua-dua cap dagangan adalah digunakan dalam industri perkhidmatan hotel, dengan itu perkhidmatan kedua-dua pihak adalah dalam persaingan secara langsung (lihat perenggan 19–20).

(3) Ia tidak dipertikaikan bahawa isu 'honest concurrent user' tidak dibangkitkan di hadapan pendaftar. Oleh itu, plaintif tidak boleh berhujah di mahkamah bahawa pendaftar telah gagal untuk memberi apa-apa pertimbangan atas isu ini, apabila ianya tidak dibangkitkan di hadapannya sebelum ini (lihat perenggan 23).

(4) Setelah mempertimbangkan dokumen yang difailkan di hadapan pendaftar dan sekarang di hadapan mahkamah, plaintif gagal untuk membuktikan bahawa ia telah menggunakan cap dagangan selama mana yang digunakan oleh defendan pertama, jika tidak lebih lama lagi, oleh itu kehendak-kehendak s 20 Akta tidak dipenuhi. Selanjutnya, plaintif hanya menggunakan cap dagangan tersebut lebih kurang tiga tahun selepas defendan pertama menggunakan cap dagangannya di dalam industri perkhidmatan hotel yang sama (lihat perenggan 24 & 29).

(5) Berdasarkan fakta, terdapat inferens yang tidak dapat disangkal bahawa cap dagangan plaintif diambil daripada cap dagangan defendan pertama. Pengambilan perkataan 'Dynasty' daripada cap dagangan defendan pertama adalah tidak jujur, dan akibatnya permohonan plaintif tidak boleh dikatakan difailkan dengan niat baik oleh pengguna serentak yang jujur. Oleh itu, plaintif gagal untuk membuktikan bahawa terdapat penggunaan serentak yang jujur terhadap cap dagangan sama oleh plaintif (lihat perenggan 32).]

Notes

For cases on concurrent users, see 12(2) *Mallal's Digest* (5th Ed, 2015) paras 2572–2573.

Cases referred to

Lam Soon Marketing Services Ltd v Lam Mei Hing t/a Yat Hing Trading Co [1994] 3 HKC 414, HC (refd)

Leo Pharmaceutical Products Ltd A/S (Lovens kemiske Fabrik

Produktionsaktieselskab) v Kotra Pharma (M) Sdn Bhd [2009] 5 MLJ 703, HC (refd)
Pakai Industries Bhd v Chen Yew Industries Sdn Bhd [1991] 3 CLJ Rep 383, HC (refd)
Pianotist Co's Application, Re (1906) 23 RPC 774, Ch D (refd)
Tohtonku Sdn Bhd v Superace (M) Sdn Bhd [1992] 2 MLJ 63, SC (refd)
Yong Teng Hing b/s Hong Kong Trading Co & Anor v Walton International Ltd [2012] 6 MLJ 609; [2012] 6 CLJ 337, FC (refd)

Legislation referred to

Trade Marks Act 1976 ss 14, 14(1)(a), 19, 19(1), 20, 20(2), 67

Hoo Lin Coln (Lin Coln & Co) for the plaintiff.
WR Teng (Shearn Delamore & Co) for the first defendant.
Iylia Hashim (Intellectual Property Corporation of Malaysia) for the second defendant.

Azizah Nawawi J:

APPLICATION

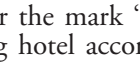
[1] The plaintiff's application is an appeal against the decision of the Registrar of Trade Marks ('the registrar') dated 26 May 2014 which allowed the objection raised by the first defendant against the registration of the plaintiff's mark 'DYNASTY' and refused the plaintiff's application to register the said mark.

[2] After hearing the application and submissions of the parties, this court had dismissed the plaintiff's appeal.

THE SALIENT FACTS

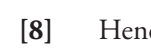
[3] The plaintiff operates and manages its hotel business, the 'DYNASTY HOTEL' at Jalan Ipoh, Kuala Lumpur since 1 December 1994.

[4] The first defendant is the registered proprietor of the trademark 'DYNASTY HOTEL' in respect of services for providing food and drink, temporary accommodation; all included in Class 43 since 28 February 1998. The earliest documents issued by the first defendant bearing its trademark 'DYNASTY HOTEL' are dated June 1992.

[5] The plaintiff filed an application to register its trademark 'DYNASTY' on 12 September 2000 in Class 43. The plaintiff's application No 00012622 is to register the mark '  ' in respect of services in Class 43, namely 'providing hotel accommodation; food and drink catering; cafes; cafeterias;

canteens; rental of temporary accommodation; boarding houses; tourist homes; hotels; restaurants; boarding house bookings; hotel reservation; self-service restaurants; snack-bars; cocktail lounge services; holiday camp services; temporary accommodation reservations; motel; rental of meeting rooms; all being services included class 43'.

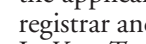
[6] The plaintiff's application was *gazetted* on 21 December 2006. On 20 March 2007, the first defendant filed an objection to the plaintiff's application.

[7] After considering the plaintiff's application and the objection raised by the first defendant, on 26 May 2014 the registrar allowed the objection and dismissed the plaintiff's application for the registration of its mark, '  '.

[8] Hence, the plaintiff filed this appeal against the decision of the registrar delivered on 26 May 2014.

THE FINDINGS OF THE COURT

[9] It is common ground that under s 67 of the Trade Marks Act 1976 ('the TMA 1976'), this court has the power to review, reverse or otherwise vary the decisions of the learned registrar.

[10] It is also common ground that the burden of proof is on the plaintiff, as the applicant for registration of the plaintiff's  mark, to satisfy the registrar and this court that the said mark is registrable under the TMA 1976. In *Yong Teng Hing b/s Hong Kong Trading Co & Anor v Walton International Ltd* [2012] 6 MLJ 609; [2012] 6 CLJ 337 (FC) ('Walton International'), Justice Zulkefli Makinudin CJ (Malaya) held at p 619 (MLJ); p 348 (CLJ) as follows:

> [12] It is to be noted in the present case, the respondent filed its notice of opposition before the appellant's mark could be registered. On this point it is our judgment that the onus is on the appellant to prove that he is entitled to register the 'GIORDANO' trademark.

[11] The plaintiff did not specify any particular ground to challenge the decision of the registrar except to simply state that 'pihak Defendan Kedua, di dalam alasan keputusannya terkhilaf secara fakta serta undang-undang apabila pihak Defendan Kedua menerima bangkangan Defendan Pertama tersebut ...'. The plaintiff's ground of appeal that the registrar has erred in law and in fact, is not only wide but vague as well.

[12] From the decision of the registrar, she has accepted the objection raised the first defendant premised on ss 14 and 19 of the TMA 1976. Her decision

reads as follows:

> Looking at the respective mark of the applicant and the opponent, there is a common word in these marks namely 'DYNASTY' and it is clear that both parties used their respective mark in respect of the same services in Class 43. As both marks consist of the same word, it is likely for these marks to be referred to by the same word.
>
> Although the word 'DYNASTY' in the applicant's mark is written with stylised letters, it would still be referred to as 'DYNASTY' by the public since that is the only word contained in the mark. Thus, it is clear that both the applicant and the opponent's marks are phonetically the same.
>
> Meanwhile, although the location of the applicant and the opponent's hotels are far from each other as the former is in Kuala Lumpur while the latter in Sarawak, the similarity in the word 'DYNASTY' and similarity in the services make it likely for the public to be led into thinking that there is a connection or association in trade between the hotels when in fact no such connection exists.
>
> Besides, it must be noted that, in view of the imperfect recollection doctrine, most of the time the public would not remember the visual appearance of a hotel's trade mark in detail, instead it is the word in it that would remain in people's mind. Thus, the different visual appearance of the word 'DYNASTY' in both marks is unlikely to avoid the confusion arises from the use of the same word in the marks.
>
> ...
>
> In the present case, the opponent's evidence shows that at the relevant date, the opponent had a registered mark in respect of the same services with those of the applicant's. And I have also found the applicant's mark as a whole to be so nearly resembles the said opponent's registered mark as is likely to cause confusion. Having said that, I have no choice but to allow the opponent's opposition under s 19 of the Act.

ISSUE ON DECEPTION AND CONFUSION

[13] The relevant provisions of ss 19 and 14 of the TMA 1976 reads as follows:

> Section 19:
>
> (1) No trade mark shall be registered in respect of any goods or description of goods –
>
> (i) that is identical with a trade mark belonging to a different proprietor and entered in the register in respect of the same goods or description of goods or in respect of services that are closely related to those goods; or
>
> (ii) that so nearly resembles such a trade mark as is likely to deceive or cause confusion.
>
> Section 14:

A (1) A mark or part of a mark shall not be registered as a trade mark –

(a) if the use of which is likely to deceive or cause confusion or would be contrary to law;

B **[14]** Both ss 14(1)(a) and 19(1) of the TMA 1976 addressed the issue of confusion and deception. In determining whether the plaintiff's mark is confusingly similar to the first defendant's mark, the relevant test can be found in the Supreme Court case of *Tohtonku Sdn Bhd v Superace (M) Sdn Bhd* [1992] 2 MLJ 63, where the court held that:

C The 'test' which Wan Adnan J was referring to were contained in Parker J's judgment in *The Pianotist Co Ltd* in the following terms:

> You must take two words. You must judge them, both by their look and by their sound. You must consider the goods to which they are to be applied. You must consider the nature and kind of customer who would be likely to buy those goods. In fact you must consider all the surrounding circumstances; and you must further consider what is likely to happen if each of those trademarks is used in a normal way as a trade mark for the goods of the respective owners of the marks.

D

E **[15]** The test formulated by the court in the *Pianotist* case, as accepted by our Supreme Court in *Tohtonku*, in determining whether there is any likelihood of confusion can be summarised as follows:

F (a) by comparison of the conflicting marks;

(b) by considering the goods/services to which the conflicting marks are to be applied; and

(c) by considering the type of customers of the proprietors of the conflicting marks.

G

The underlying consideration would be all the circumstances surrounding the usage or proposed usage of the conflicting marks taken as a whole in determining whether there will be any likelihood of confusion.

H **[16]** It is common ground that the circumstances of use to be considered must be with reference to the time the defendant's mark was applied for registration, that is, on 12 September 2000. In *Walton International*'s case, which involved an appeal against the registrar's decision to dismiss an I opposition against registration for the trademark 'GIORDANO', the Federal Court held at p 617 (MLJ); p 346 (CLJ):

> At the outset we would like to state here that the relevant date upon which the *court has to decide whether the appellant is entitled to register the 'GIORDANO' trademark in Class 9 is the appellant's application date on 25 July 1992*. (Emphasis added.)

[17] In comparing the plaintiff's DYNASTY trademark and the first defendant's DYNASTY trademark, I am of the considered opinion that the learned registrar had applied the correct approach for comparison of these two marks, which are as follows:

The first defendant's DYNASTY trademark	The plaintiff's DYNASTY mark
DYNASTY HOTEL	DYNASTY

[18] On the visual and phonetic aspects of the marks, the learned registrar held that:

> Looking at the respective mark of the applicant and the opponent, there is a common word in these marks namely 'Dynasty' and it is clear that both parties used their respective mark in respect of the same services in Class 43. As both marks consist of the same word, it is likely for these marks to be referred by the same word. Although the word 'Dynasty' in the applicant's mark is written in stylised letters, it would still be referred to as 'Dynasty' by the public since that is the only word contained in the mark. Thus, it is clear that both the applicant and the opponent's marks are phonetically the same.

[19] Therefore, by comparing the marks as a whole, I find that the registrar has correctly found that by the visual, oral and conceptual make-up of the plaintiff's DYNASTY trademark was substantially similar to the first defendant's DYNASTY trademark. As the result, the use of the plaintiff's DYNASTY trademark would result in confusion and deception in a manner which would offend both ss 19 and 14(1)(a) of the TMA 1976. As the first defendant's DYNASTY trademark was registered since 28 February 1998 which is before the filing of the plaintiff's application on 19 September 2000, the learned registrar held that:

> In the present case, the opponent's evidence shows that at the relevant date, the opponent had a registered mark in respect of the same services with those of the applicant's. And I have also found that the applicant's mark as a whole to be so nearly resembling the said opponent's mark as is likely to cause confusion. Having said that, I have no choice but to allow the opponent's opposition under s 19 of the Act.

[20] Further, where the services provided are similar or closely related, there is a higher likelihood of confusion and deception that members of the public would assume that the two marks are connected with each other. In the present case, since both marks are used in the hotel services industry, then the services of the plaintiff and the first defendant are in direct competition. In *Leo Pharmaceutical Products Ltd A/S (Lovens kemiske Fabrik Produktionsaktieselskab) v Kotra Pharma (M) Sdn Bhd* [2009] 5 MLJ 703, the court held that:

Where the parties' goods or service are in direct competition with each other, only a small degree of similarity is required to establish the likelihood of confusion.

ISSUE ON CONCURRENT USE

[21] It is also the submission of the Plaintiff that they are entitled to register their mark pursuant to s 20(2) of the TMA 1976, which reads:

> 20(2) The Registrar shall not refuse to register a trade mark which is identical to or so nearly resembling another trade mark in the Register if the applicant of the first mentioned trade mark or his predecessor in business has continuously used that trade mark from a date before –
>
> (a) the use of that other trade mark by the registered proprietor or his predecessor in business or by a registered user; or
>
> (b) the registration of that other trade mark by the registered proprietor or his predecessor in business,
>
> whichever is the earlier.

[22] The plaintiff submits that the registrar has failed to take into consideration the plaintiff's argument of 'honest concurrent usage' pursuant to s 20(2) of the TMA 1976. The plaintiff submits that they have furnished ample evidence of usage prior to its trademark application in order to establish 'honest concurrent user'. The plaintiff relied on the case of *Pakai Industries Bhd v Chen Yew Industries Sdn Bhd* [1991] 3 CLJ Rep 383 where Zakaria Yatim J held as follows:

> Thus, in order to succeed in proving that the respondent is an honest concurrent user, *it has to prove that the use of the mark was nearly as long as that of the applicant if not longer*. (Emphasis added.)

[23] However, it is not in dispute that the issue of 'honest concurrent user' was not raised before the registrar. Therefore, the plaintiff cannot now submit that the registrar has failed to give any consideration on this issue, when the same was not raised before her in the first place.

[24] In any event, having considered the documents filed before the registrar and are now before this court, I am of the considered opinion that the plaintiff has failed to establish that they have used the mark '*nearly as long* as that of the applicant *if not longer*' (see *Pakai Industries*).

[25] From the documents before the registrar and this court, the first defendant has shown that they have used their 'DYNASTY' trademark since June 1992. Invoices show that the first defendant has been operating its hotel business since 1992, with its mini bar bill dated 23 November 1992.

[26] On the other hand, in para (6) of the written submission of the plaintiff, the plaintiff has conceded that they only started operation on 1 December 1994. Paragraph 6 reads as follows:

> 6. The Plaintiff in its affidavit in support says that it has been operating and managing its hotel known as 'DYNASTY HOTEL' since its *opening for business on 1.12.1994* (May My Lady refer to Paragraph 5 of the said Affidavit in support).

[27] From the financial statements, the earliest statement of account of the plaintiff is for the financial year 1994, with revenue in the sum of RM17,920,000 for the period between 1994–1996. However, the earliest accounts generated for the first defendant hotel business was in 1992, with revenue of about RM638,447.96.

[28] The plaintiff's earliest revenue generated under the mark, which is for hotel related services, was for the financial year of 1994, and this is consistent with the plaintiff's stand that they only started business on 1 December 1994. This is about two years after the first defendant has used its trademark in the hotel related industry. Therefore, it cannot be said that the plaintiff has used the mark earlier than the first defendant under s 20(2) of the TMA 1976 or as '*nearly as long* as that of the (first defendant) *if not longer*' as held in the case of *Pakai Industries*.

[29] Therefore, since the plaintiff has failed to prove that it has used the mark *nearly as long as that of the first defendant, if not longer*, I am of the considered opinion that the plaintiff has failed to satisfy the requirements of s 20 of the TMA 1976. The plaintiff only used the mark about three years after the first defendant has used its mark in the same hotel service industry.

[30] I also agree with the first defendant that the plaintiff has failed to show the honesty of the concurrent use of the identical marks. In *Lam Soon Marketing Services Ltd v Lam Mei Hing t/a Yat Hing Trading Co* [1994] 3 HKC 414, the court dealt with the issue of whether there has been honest concurrent use of the mark, and Mayo J held as follows:

> I also accept that *burden of proof in establishing honest use is placed upon an applicant,* namely the respondent in the present case.
>
> The problem which arises is that there is *no evidence whatever in Mdm Lam Mei Hing's statutory declaration concerning the circumstances under which the decision was originally made to use the said trade mark. There is nothing whatever to enable the court to conclude that the use of the mark was honest*. She does not say whether she was aware of the appellant's mark which is very similar when she first used her mark. It would not seem, however, on the balance of probabilities that she would have been aware if it. I say this on account of the number of characteristics of the device which are either identical or very similar. It would have indeed been a coincidence if the

respondent came up with a mark with so many similar characteristics entirely independent of any knowledge of the appellant's trade mark. I accept the validity of the submission made by Miss Lau that the proper test to adopt in attempting to draw inferences due available is the balance of probabilities. As I have said earlier, *the burden is on the respondent to establish there has been honest use of the mark and when she declines to give any evidence concerning the background to her decision to use the mark, it is, in my view, not possible to simply assume that the use was honest*. (Emphasis added.)

[31] In the present case, I agree with the plaintiff that there is also nothing in the statutory declarations filed during the opposition proceedings and the affidavits filed in this appeal that explains the manner in which the DYNASTY trademark was conceived by the plaintiff. The plaintiff has not explained why it has chosen the DYNASTY mark, which is the same mark that was used by the first defendant since 1992.

[32] Due to the mark being fundamentally identical to the first defendant's DYNASTY trademark and coupled with the first defendant's prior use of nearly three years before the use of the identical mark by the plaintiff, I find that there is an irresistible inference that the mark was adopted from the first defendant's mark. The adoption of the word DYNASTY from the first defendant's trademark is dishonest, and consequently the plaintiff's application cannot be said to have been filed with good intention by an honest concurrent user. Therefore, I find that the plaintiff has failed to establish that there has been honest concurrent use of the identical mark by the plaintiff.

CONCLUSION

[33] Premised on the reasons enumerated above, I find that the registrar has correctly considered the law and the factual matrix of this case before she decided to allow the first defendant's opposition premised on ss 14 and 19 of the TMA 1976 and dismissed the plaintiff application to register the DYNASTY mark.

[34] At the same time, the issue of 'honest concurrent user' was not raised before the registrar and the parties are precluded from raising the same in this appeal. Further, from the facts of the case, the plaintiff cannot be said to be an honest current user as they only use the identical mark three years after the first defendant had established its business in the hotel industry. Added to that, the plaintiff has failed to show evidence of honest concurrent use.

[35] In the premise, the appeal is dismissed with costs.

Appeal dismissed with costs.

Reported by Dzulqarnain Ab Fatar